

CITY AUDITOR'S REPORT

MONDAY, DECEMBER 10, 2012

CITY GENERAL FUND BALANCES 1991-2011

THE FOLLOWING CHART ILLUSTRATES BEGINNING FUND BALANCE, NET ANNUAL GAIN/ LOSS, AND ENDING FUND BALANCE FROM 1991-2011 FOR THE GENERAL FUND.

AS YOU CAN SEE OVER THE PAST TWENTY ONE (21) YEARS WE HAVE EXPERIENCED TEN (10) YEARS OF GAINS AND ELEVEN (11) YEARS OF LOSSES. IN 1991 AND 1992 WE HAD LOSSES OF OVER \$1.3 MILLION AND \$2.1 MILLION RESPECTIVELY. THE YEARS 1993 TO 1996 MARKED FOUR (4) CONSECUTIVE YEARS OF GAINS, ULTIMATELY TURNING A \$2 MILLION DEFICIT INTO A \$1.4 MILLION SURPLUS. FROM 1997 THROUGH 2001 WE ALTERNATED BETWEEN ANNUAL LOSSES AND GAINS. CUMULATIVE LOSSES IN 2002-2004 BROUGHT US TO A DEFICIT FUND BALANCE OF MORE THAN \$7 MILLION.

THE YEAR 2006 MARKED THE SECOND CONSECUTIVE YEAR THAT REVENUES EXCEEDED EXPENSES. ONCE AGAIN, ONE TIME ONLY FINANCING MECHANISMS, SUCH AS BOND ISSUES/REFUNDINGS AND INTEREST RATE SWAP CONTRACTS, CONTRIBUTED GREATLY TO THE \$9.5 MILLION POSITIVE CHANGE TO FUND BALANCE IN 2006. IN 2007, WE EXPERIENCED A REDUCTION IN FUND BALANCE OF NEARLY \$4.4 MILLION DOLLARS.

IN 2008 AND 2009 WE EXPERIENCED LOSSES OF ABOUT \$3.1 MILLION AND \$10 MILLION RESPECTIVELY TO END 2009 WITH A NEGATIVE FUND BALANCE OF OVER \$6.5 MILLION.

IN MAY 2010, THE CITY OF READING WAS DECLARED FINANCIALLY DISTRESSED AND ACCEPTED INTO PENNSYLVANIA'S MUNICIPALITIES FINANCIAL RECOVERY ACT (ACT 47). THE RECOVERY PLAN, COMPLETED BY PUBLIC FINANCIAL MANAGEMENT OF PHILADELPHIA, PA., IS A GUIDE TO READING'S FISCAL RECOVERY.

CITY GENERAL FUND BALANCES 1991-2011(continued)

YEAR	FUND BALANCE 1/1/XX	CHANGE IN FUND BAL. GAIN/(LOSS)	FUND BALANCE 12/31/XX
1991	1,277,390	(1,350,505)	(73,115)
1992	(73,115)	(2,102,853)	(2,175,968)
1993	(2,175,968)	66,883	(2,109,085)
1994	(2,109,085)	1,518,800	(590,285)
1995	(590,285)	641,559	51,274
1996	51,274	1,375,025	1,426,299
1997	1,426,299	(1,369,149)	57,150
1998	57,150	1,827,059	1,884,209
1999	1,884,209	(662,638)	1,221,571
2000	1,221,571	560,910	1,782,481
2001	1,782,481	(330,341)	1,452,140
2002	1,452,140	(921,625)	530,515
2003	530,515	(3,548,839)	(3,018,324)
2004	(3,018,324)	(1,995,256)	(5,013,580)
2005	*(7,220,468)	6,128,894	(1,091,574)
2006	(1,091,574)	9,563,719	8,472,145
2007	8,472,145	(4,374,847)	4,097,298
2008	**6,647,298	(3,133,296)	3,514,002
2009	3,514,002	(10,045,155)	(6,531,153)
2010	*** (10,509,759)	21,665,231	11,155,472
2011	11,155,472	8,066,471	19,221,943

***PLEASE NOTE** THAT THE 1/1/05 FUND BALANCE DEFICIT OF (\$7,220,468) INCLUDES (\$5,013,580) OF ACCUMULATED DEFICIT PLUS (\$2,206,888) OF EMS FUND DEFICIT CLOSED INTO THE GENERAL FUND.

****** 1/1/08 FUND BALANCE INCLUDES \$2.55 MILLION FOR PRIOR YEAR METER SURCHARGE DUE FROM RAWA.

******* 1/1/10 FUND BALANCE INCLUDES CLOSING CAPITAL RESERVE FUND INTO GENERAL FUND.

SNOW AND ICE GRANT-2012

WE RECEIVED \$54,112.16 ON 12/10/12 FROM THE COMMONWEALTH OF PENNSYLVANIA FOR A SEVERE WEATHER GRANT. WE BUDGETED \$50,000 IN REVENUE FOR 2012. THE 2013 BUDGET ALSO ESTIMATES \$50,000 FOR SNOW & ICE GRANTS.

THE FOLLOWING CHART ILLUSTRATES SNOW & ICE GRANTS FROM 2000-2012:

YEAR	BUDGETED REV.	ACTUAL REVENUE	DIFFERENCE
2000	\$34,000	\$36,298	\$2,298
2001	\$34,000	\$45,465	\$11,465
2002	\$34,000	\$37,390	\$3,390
2003	\$45,500	\$51,346	\$5,846
2004	\$37,400	\$50,696	\$13,296
2005	\$50,000	\$42,623	(\$7,377)
2006	\$50,000	\$44,777	(\$5,223)
2007	\$50,000	\$46,833	(\$3,167)
2008	\$50,000	\$56,595	\$6,595
2009	\$50,000	\$49,330	(\$670)
2010	\$50,000	\$63,376	\$13,376
2011	\$50,000	\$66,957	\$16,957
2012	\$50,000	\$54,112	\$4,112